GOVERNMENT OF INDIA
SHIPPING, ROAD TRANSPORT AND HIGHWAYS
LOK SABHA

UNSTARRED QUESTION NO:2241
ANSWERED ON:29.08.2007
IMPACT OF TAXATION POLICY ON SHIPPING INDUSTRY
Gangwar Shri Santosh Kumar;Pateriya Smt. Neeta

Will the Minister of SHIPPING, ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether the Indian shipping industry is suffering due to the taxation policy of the Government;

(b) if so, the details thereof;

(c) whether the taxation system is one of the reasons behind migration of the skilled manpower to foreign Shipping Companies;

(d) if so, the details thereof;

(e) whether the Government proposes to relax the tax structure in this regard to enable the Shipping Industry to face the global competition;

(f) if so, the details thereof; and

(g) the steps taken by the Government to check the migration of skilled manpower?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS (SHRI T.R. BAALU)

(a) & (b): The Indian Shipping Industry is liable to a variety of taxes. Even after the introduction of Tonnage Tax from 2004-05, there are still about 12 direct and indirect taxes.

(c) & (d): There is wide disparity in the salary structure of the Indian Seafarer sailing on board foreign going Indian flag ships where the salary is taxable and Indian Seafarer on board foreign flag ships, where the salary is tax free. This situation induces preference among Indian seafarers for opting to some foreign flag vessels.

(e) to (g): Yes, Sir. The Government has been taking various measures from time to time for the development of Shipping Industry and growth of Indian Tonnage. The Government has constituted a Group to review the Tax Regime for Indian Shipping Industry. The Group is in the process of finalising its report which is expected to include some recommendations relating to exemption of Income Tax for Indian Seafarer sailing on foreign going Indian flag ships.